

U.S. Equity Fund

The majority of U.S. equities edged higher in March to close out a solid quarter of performance. All the indices we follow, with the exception of the NASDAQ Composite, posted slight gains of less than 1.0% last month. The S&P 500 Index advanced 0.8%, followed by the S&P 600 SmallCap and the S&P 400 MidCap which were up 0.7% and 0.4% respectively. The NASDAQ, by contrast, declined 2.5% for the month. The North Growth U.S. Equity Fund appreciated 1.7% in March, beating all the mentioned indices. In Canadian dollars, the Fund gained 1.5% versus the S&P 500 which was up 0.7%.

For the first quarter of 2014, as for March, the Fund outperformed all the indices we regularly track. In order from the most to least gains for the quarter, the S&P 400 MidCap increased 3.0%, the S&P 500 increased 1.8%, the S&P 600 SmallCap increased 1.1%, and the NASDAQ Composite increased 0.8%. By comparison, the Fund appreciated 4.3%. Due to a significant weakening of the Canadian dollar during the first three months of the year, the Fund gained 8.4% in Canadian dollars against the S&P 500 which was up 5.8% in Canadian dollars.

Canadian Equity Fund

Canadian equities also continued to climb in March with the S&P/TSX Composite rising 1.2%. The North Growth Canadian Equity Fund appreciated 3.4% for the month, outperforming the index. For the first quarter of the year, the Fund gained 14.4%, well ahead of the 6.1% return for the S&P/TSX.

Our Long Term Focus

Subsequent to the recent stock market rally of the past two months U.S. equities have stalled so far in April, selling off on a multitude of worries that include the Fed's continued unwinding of its bond-buying program, turmoil in Ukraine, weaker economic data out of China, and general market perception of over-extended stock valuations. The concerns are by no means new. The short term pullback in equities is, however, likely a healthy phenomenon that shows investor sentiment remains volatile and biased towards caution.

Notably, it is heartening that while all of the major equity indices declined during the past few weeks, the brunt of the sell-off was borne by momentum stocks—high flying names such as Netflix, Facebook, Twitter, Amazon and LinkedIn—or stocks that fit the “growth at any price” mantra. As investors paid more attention to equity valuations, the

low-priced technology bellwethers including Microsoft, Cisco and Intel actually outperformed on a relative basis. Possibly, this may be the beginning of the logical, mid-cycle market rotation that we foresee taking place this year and mentioned in the February monthly report.

With a continuous 24-hour news cycle and myopic focus on up-to-the-minute data, the markets seem to be adopting an increasingly short term view on investing. At North Growth, we take a long term approach and have always emphasized that investors maintain a long term investment horizon—five years at the absolute minimum.

From month to month, through the ebb and flow of economic and market news, our view of the long term fundamental values of equities alters very little. Over the past months and years, we have consistently highlighted the improving, favourable macroeconomic backdrop for U.S. stocks. Concurrently, corporate earnings and balance sheets have strengthened, contributing to increased capital spending and business investment plans, share buyback activity, dividend raises and mergers and acquisitions.

Although there are certain pockets of the equity markets trading at ultra-rich valuations—for example, some of the recent technology IPOs and names in the social media space are reminiscent of the dot-com bubble in the late '90s—there are also numerous well-established companies with attractive growth prospects that are reasonably valued. We continue to focus our efforts on identifying strong fundamentals of individual companies, adhering to our long term "growth at a reasonable price" philosophy.

NORTH GROWTH U.S. EQUITY FUND

Short Term Rates of Return (%) for Periods Ending March 31, 2014

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	1.48	8.38	20.74	8.38
S&P 500 \$CDN	0.67	5.82	20.72	5.82
NGM US Equity Fund \$US	1.65	4.27	12.52	4.27
S&P 500 \$US	0.84	1.81	12.51	1.81
S&P 400 MidCap \$US	0.37	3.04	11.62	3.04
S&P 600 SmallCap \$US	0.70	1.13	11.07	1.13
NASDAQ Composite \$US	-2.45	0.83	12.05	0.83

NORTH GROWTH U.S. EQUITY FUND

Annualized Rates of Return (%) for Periods Ending March 31, 2014

	1 Year	3 Years	5 Years	10 Years	20 years	Since Inception
NGM US Equity Fund \$CDN	37.94	18.45	19.14	6.85	11.65	12.60
S&P 500 \$CDN	32.60	19.78	18.00	5.60	8.31	8.89
NGM US Equity Fund \$US	26.77	13.38	22.32	8.69	12.91	13.22
S&P 500 \$US	21.86	14.66	21.16	7.42	9.53	9.49
S&P 400 MidCap \$US	21.24	13.37	24.86	10.14	12.51	12.74
S&P 600 SmallCap \$US	27.81	15.95	26.21	10.11	11.41	12.02
NASDAQ Composite \$US	30.22	16.24	23.85	8.95	9.04*	9.69*

Source: Bloomberg "Total Return Analysis" as of April 1, 2014.

*These returns are a simple price appreciation because total return data is not available on Bloomberg.

Unit Price: \$38.13 CDN
\$34.49 US

Total Assets in Fund: \$378.2 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending March 31, 2014

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	3.38	14.42	24.67	14.42
S&P / TSX \$CDN	1.23	6.06	13.79	6.06

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending March 31, 2014

	1 Year	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	44.09	N/A	N/A	N/A
S&P / TSX \$CDN	15.97	3.55	13.71	8.09

Unit Price: \$ 20.87 CDN

Total Assets in Fund: \$ 40.8 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending March 31, 2014

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.86	0.86	0.85	0.65
30 Day T-Bill	N/A	0.95	0.92	0.71

** The Current Yield for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period. This measure is no longer available for the 30 day T-Bill Index.*

We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach because the management fee is, and always has been, 0.25%. In today's low rate environment most other money market funds in Canada have cut their management fees and extended their maturities in order to improve yields, as a result the North Growth Canadian Money Market Fund's yields are now below the industry average.

We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points and we do not have any room to reduce our management fees because we already take a loss on the product. We still believe our money market fund has superior liquidity characteristics due to its very low average maturity but our current yield is 0.86% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

U.S. EQUITY FUND
As of March 31, 2014

	%
Apple Inc.	8.68
Cisco Systems Inc.	8.61
GT Advanced Technologies Inc.	5.81
Intel Corporation	5.00
St. Jude Medical Inc.	4.68
Microsoft Corporation	4.47
Wellpoint Inc.	3.94
Bristol-Myers Squibb Company	3.40
Texas Instruments Inc.	3.32
Electronic Arts Inc.	3.19
Citrix Systems Inc.	3.08
Pfizer Inc.	3.08
Zimmer Holdings Inc.	3.03
Cerner Corporation	2.90
Precision Castparts Corp.	2.82
Pier 1 Imports Inc.	2.79
Herman Miller Inc.	2.67
Gilead Sciences Inc.	2.58
Rite Aid Corporation	2.36
Varian Medical Systems Inc.	2.20
First Solar Inc.	2.18
Qualcomm Inc.	2.09
Ethan Allen Interiors Inc.	1.91
Jacobs Engineering Group Inc.	1.73
DSP Group Inc.	1.63
General Electric Company	1.56
Amgen Inc.	1.54
Gap Inc.	1.46
Applied Materials Inc.	1.31
Johnson Controls Inc.	1.24
Safeway Inc.	1.22
Citigroup Inc.	1.20
American Eagle Outfitters Inc.	0.86
Itron Inc.	0.31
Total Equities	98.87
Cash	<u>1.13</u>
TOTAL ASSETS	100.00

CANADIAN EQUITY FUND
As of March 31, 2014

	%
Sandvine Corporation	8.94
Ballard Power Systems Inc.	7.13
Bombardier Inc., Class B	6.66
Celestica Inc.	6.41
Open Text Corporation	5.05
Martinrea International Inc.	4.48
Dorel Industries Inc., Class B	4.46
COM DEV International Inc.	4.45
CAE Inc.	4.38
WestJet Airlines Ltd.	4.36
Valeant Pharmaceuticals International Inc.	4.28
ATS Automation Tooling Systems Inc.	4.03
EXFO Inc.	3.72
MacDonald Dettwiler and Associates Ltd.	3.57
GSI Group Inc.	3.13
Jean Coutu Group (PJC) Inc., Class A	3.05
Sierra Wireless Inc.	2.91
Stantec Inc.	2.65
Heroux-Devtek Inc.	1.96
IMRIS Inc.	1.91
Saputo Inc.	1.77
TELUS Corporation	1.65
QLT Inc.	1.41
Oncolytics Biotech Inc.	0.72
Total Equities	93.07
Cash	<u>6.93</u>
TOTAL ASSETS	100.00

INVESTING WITH NORTH GROWTH MANAGEMENT:

North Growth Management is a focused firm. We are Canada's U.S. Equity Specialist. Our objective is consistent, superior, long term returns on our equity funds based on our "growth at a reasonable price" investment philosophy.

CONDUCTING TRANSACTIONS:

The cut-off time for same-day transactions is 3 p.m. Eastern time or 12 p.m. Pacific time. Orders received after that time will be processed on the next business day. Cheques must be made payable to **RBC Investor Services Trust**. For security reasons, instructions can only be accepted by mail or by fax to:

North Growth Management Ltd.
Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

Fax: 604-688-5402

WHERE TO FIND NGM FUND PRICES

Please visit www.northgrowth.com to view the Fund's daily prices or to be added to our e-mail list to receive daily notification of the Fund's prices. Alternatively, the Globe & Mail reports prices on www.globefund.com.